

For Immediate Release

BEA Releases Performance of China Operations for 2002

Hong Kong, 2 June 2003 – Profit from the China operations of The Bank of East Asia (BEA) recorded encouraging growth for the year ended 31 December 2002, with **operating profit** surging 26.6 per cent to RMB216.5 million. **Net profit** rose to RMB189.4 million, representing an increase of 1.7 per cent over the previous year. **Operating expenses** were reined in by 24.1 per cent to RMB456.8 million, offsetting a reduction in **operating income** by 12.9 per cent to RMB673.3 million.

BEA's strong bottom-line performance demonstrates the continuous effort that the bank has devoted to improving operating efficiency even as it expands its presence in China. Currently, BEA owns the most extensive branch and representative office network among foreign banks in China. BEA has 16 outlets on the Mainland, including eight branches, two sub-branches and six representative offices. BEA will continue to extend its network by upgrading its representative offices to full branches as well as opening additional sub-branches.

During 2002, BEA Head Office injected over RMB560 million in additional operating capital into its China operations, as the bank extended the number of outlets able to provide foreign currency and local currency services to customers. All BEA China branches have now obtained licences to provide full foreign currency services to both local and overseas customers; BEA Shanghai, Shenzhen and Dalian Branches are eligible to provide Renminbi services to foreigners and foreign-invested enterprises.

According to the timeline set out in the World Trade Organization accord governing China's entry to the trade body, BEA may apply to provide Renminbi services to local enterprises and residents by the end of 2003 and 2006, respectively. BEA confirms that it will submit applications for Renminbi business licences for its China branches in line with this timeline.

In December 2002, BEA became the first foreign bank to provide Internet banking services on the Mainland. BEA Cyberbanking has proven to be of great benefit in extending BEA's services in China. In addition, in order to provide premium personal banking services to targeted high net-worth customers, *SupremeGold* Centres have been set up in all BEA China Branches.

The recent outbreak of SARS in China is likely to have only a short-term impact on business. China will continue to be the focus of foreign and Hong Kong investors, leading to further growth in business opportunities for foreign banks in China. BEA is confident that China's economic growth will remain strong in the years ahead, and the bank is committed to further developing its presence in the China market.

Highlights of key financial figures:

	2002 RMB million	2001 RMB million	Percentage Change
Operating Income	673.3	772.9	-12.9%
Operating Expenses	(456.8)	(601.9)	-24.1%
Operating Profit	216.5	171.0	+26.6%
Provision for Loan Losses	(24.2)	(59.2)	-59.2%
Net Profit	189.4	186.2	+1.7%
Total Assets	15,008	13,598	+10.4%
Total Loans & Advances to Customers	10,790	10,043	+7.4%
Total Deposits	2,583	1,794	+44.0%

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